

**MINUTES OF THE
JOINT EXECUTIVE APPROPRIATIONS
COMMITTEE MEETING
FEBRUARY 11, 2008, 4:00 P. M.
Room C450, State Capitol, State Capitol Complex**

Members Present: Sen. Lyle Hillyard, Committee Co-Chair
 Rep. Ron Bigelow, Committee Co-Chair
 Sen. Peter Knudson, Vice Chair
 President John Valentine
 Sen. Curtis Bramble
 Sen. Gene Davis
 Sen. Mike Dmitrich
 Sen. Dan Eastman
 Sen. Pat Jones
 Sen. Sheldon Killpack
 Sen. Brent Goodfellow
 Rep. Becky Lockhart, Vice Chair
 Speaker Greg Curtis
 Rep. David Clark
 Rep. Brad Dee
 Rep. Brad King
 Rep. David Litvack
 Rep. Carol Spackman Moss
 Rep. Phil Riesen
 Rep. Gordon Snow

Staff Present: Jonathan Ball, Legislative Fiscal Analyst
 Karen C. Allred, Secretary
 Nedra Duzett, Secretary

Others Present: Sen. Scott Jenkins
 Rep. Kevin Garn
 Sen. Greg Bell
 Rep. Kory Holdaway
 Sen. Michael Waddoups
 Rep. Eric Hutchings
 Sen. Allen Christensen
 Rep. Merlynn Newbold
 Sen. Carlene Walker
 Rep. Wayne Harper

List of Others Present on File

Committee Co-Chair Hillyard called the meeting to order at 4:20 p.m.

Co-Chair Hillyard told the committee that we would only be hearing reports today, and not voting on priorities

Jonathan Ball, Legislative Fiscal Analyst, distributed handouts to the committee and explained the handouts that are in their book. There are four summary reports, which summarize data that are also in the subcommittee tabs: the summary of the subcommittee priorities list, summary of the proposed intent language, summary of all the intent language of FY2008, and a summary of the fee change, which shows only the proposed fee changes and their revenue impact. Throughout the tabs are all the fees, whether they change or not, that the committee will have to take action on. Each of the subcommittees is set in alphabetical order behind the tabs. These documents are also available online.

1. Approval of Minutes

MOTION: Co-Chair Bigelow moved to approve the minutes of December 11, 2007.

The motion passed unanimously with Pres. Valentine, Sens. Eastman and Goodfellow and Reps. Curtis and Dee absent for the vote.

2. Subcommittee Reports:

Capital Facilities and Government Operations

Rep. Kevin Garn explained to the committee that the Capital Facilities and Government Operations subcommittee oversees the Capital Budget, and the also the budgets for the Capitol Preservation Board, the Career Service Review Board, the Department of Administrative Services, the Department of Human Resource Management, the Department of Technology Services, Debt Services and Internal Service Funds. The subcommittee funded some operating budget priorities internally by reallocating existing resources, and is therefore presenting a relatively small list of additional items for the committees consideration. These items are found on page 1-37 for ongoing and page 1-38 for one-time priorities.

Sen. Scott Jenkins explained to the committee that the Capital Budget priorities are found

on page 1-41 in the packet. They followed the committees directions and drew a line at the \$150 million which would allow them to fund the top four buildings. They have prioritized all of the building requests that they have received. They have high hopes that the committee will find funds to get down their priority list further. Within the Capital Budget they recommend moving \$5 million of their base budget to a new line items for Land Banking, to purchase property in the Ogden area for a future juvenile court, and for a piece of property on the south side of Utah Valley State College.

Higher Education

Rep. Kory Holdaway explained to the committee that their subcommittee is responsible for the Utah System of Higher Education, the Utah College of Applied Technology, and the Utah Medical Education Council. He reminded the committee that this subcommittee is an investment in economic development. Any money put into higher education will be returned to the community. There was a study done by the Salt Lake Community College that for every \$1 invested in education \$8 is returned. There are returns in other areas as well, such as improving high skilled workers in the state and USTAR. The subcommittee's highest priorities is replacing the Loss of Dedicated Credits for the Utah Medical Education Council, then the Utah Education Network (this is part of this subcommittees responsibility as well). The subcommittee was showered with praise for the funds received last year.

Sen. Greg Bell explained to the committee their subcommittee's one-time priorities. Financial Aid has a very high priority as well as a UEN backbone increase. The mission of UEN is a platform for everyone to function -- higher education, public education and the State of Utah. The Education Network enables distance learning and remote learning. It is an exciting program and needs upgrading. Both USHE and UCAT need capital equipment, which, in this technology rich environment we have to invest in equipment. In light of the Virginia Tech tragedy they felt that the system ought have planning for USHE and UCAT for emergency management and security. The subcommittee has tried to be honest and fair in their recommendation; but if they had known what funds were available, they may have increased their priorities.

Rep. Holdaway echoed what Sen. Bell said about knowing the available funds. It was hard for the subcommittee to recognize the need of each of the different institutions without having an idea of the funding available. If there is new money available to this committee, they may need some flexibility in re-prioritizing.

Sen. Bell mentioned that if the priorities had to stop at number 25, almost every institution would get no money for programs and partnerships and programmatic progress.

Co-chair Hillyard commented that none of the committee knows the revenue available. If we concentrate on salaries there may not be money for programs. He recommended that the subcommittee may want to look in their budget at re-allocations in various schools and programs to see if there are items that are less priority than what has been identified.

Rep. Holdaway mentioned that all though salaries and compensation is not listed, it is the subcommittee's highest priority.

Rep. Clark asked the question about the utility cost increases, he feels that we don't reward the institutions who have managed their utility costs and aren't back asking for an increase, and we have perverse incentive for those that manage over those that aren't as careful.

Rep. Holdaway responded that the reason institutions are asking for increase in utilities are because of growth in campuses dues to new buildings.

Rep. Clark questioned, then what is O&M? We already fund O&M and this is being asked for under utility funds.

Sen. Dmitrich talked to Sen. Bell after the subcommittee meetings were over concerning the Governors Coal Commission on Mine Safety. The Governor recommends the Western Energy Training Center be the training center for all coal mining activities in Utah. They need an on-going appropriation and one-time funds to keep this program viable. They got it in late, because they didn't know if the Labor Commission or the College of Eastern Utah was going to take it.

Sen. Bell responded that he reviewed it, and it is based at the College of Eastern Utah. It involves higher education and they would have to add it to their list.

Executive Offices and Criminal Justice

Sen. Michael Waddoups distributed a handout to the committee and explained that the Executive Offices, Courts and Corrections subcommittee have had a lot of needs and concerns and they have prioritized them the best they could. The co-chairs tried hard to represent the needs of the subcommittee in their priorities. The top five priorities are important to deal with the increased crime and with public safety. The number of additional troopers are about half of what they felt they needed, but they wanted to be realistic. The Parole Violator Center will help keep from having so many parolees incarcerated and turned back on the street. Its an issue proven in other states to be part of the answer to crime and public safety. This subcommittee is over a lot of departments, and

these departments are listed in the order of priority.

Co-chair Hillyard questioned what the "R" behind some of the items on the handout. Sen. Sen. Wadduops said that the "R" is for items that have related restricted funds.

Rep. Eric Hutchings explained that the agencies in the subcommittee are having a real issue across the board with the retention of lower end employees. The focus for their subcommittee over the interim is to figure out creative ways to retain these entry level people. As of right now, there are approximately 130 unfilled positions in Corrections causing some to work double shifts.

During the budget shortfall in 2002, the subcommittee took money out of the Crime Victims Reparation Fund and put it in corrections with an agreement with CCJJ that they would put it back, but they never did. We are taking Crime Victims Reparation money and using it in the jails. Priority 6 on their handout is paying that general funds money back. That fund had a surplus at the time, so they took it, but the interesting thing about that fund, is that they will never run out of money, they just quit offering services.

The one-time funding on priority 14, 18 and 19 are because of special elections. Sen. Waddoups mentioned that the on the special elections don't have to be funded in lump sums, it can be used as on-going money. Two other things that the subcommittee are concerned about is vehicles, they would like to see that be statewide again, and the other is leases that the court has, that they really don't know how to handle.

Pres. Valentine questioned line 14 on the one-time for the special election, wasn't it funded in the last General Session? Jonathan Ball answered that he thought Pres. Valentine was remembering the Western States Presidential primary. A special election wasn't anticipated for Referendum 1, and that is what this is for.

Rep. Dee questioned item 20 and 23 on the one-time funding. The first is supplemental for FY 2008 and the other one-time for FY 2009.

Sen. Kilpack questioned this past special election did the state carry all the cost of that election or was cost shared by the counties. Jonathan Ball answered that there was a portion that was paid by the cities, but the amount listed is the State's share.

Health and Human Services

Rep. Merlynn Newbold commented first, on the items not on their priority list. The first is the Childrens Health Insurance Program, this is money that will fund 1st Substitute H.B.

326. The Governor requested to add extra money to the program and the Fiscal Analyst suggested that they remove money because of lack of enrollment, so the subcommittee decided that if they don't do either one it will even out. There will be money for the 1st Substitute H.B. 326 for 2009. Other items have been funded internally by moving around money. One of these items is the Baby Watch Early Intervention caseload. They have budgeted an increase of 5% for the ability to serve 180 more children. The second item they recommended funding internally is the Disabilities Mandated Services. With the community waivers program there are people in service requiring additional services. They have budgeted funds that will give them 526 additional services for 358 individuals. The third item is Child and Family Treatment Centers. Children that are placed in Foster Care are staying there longer. They are recommending additional funds for children that are already in State custody. The rest of the funds internally are going into the general fund.

One thing that the subcommittee felt very strong about was the need to increase their provider rates. They also recommend that private contractors be changed from their usual formula. Right now the providers receive the same percentage of increase as state employees. It is not based on the operations expenditures, but just on the wage portion. They recommend those providers get \$1 an hour raise. The subcommittee feels it is imperative to pay the providers more so that those individuals in their services will be taken care of better. They have also recommended a one-time 2% increase on operating expenses, an item that has not previously been reimbursed.

Sen. Christensen explained to the committee the priorities of the subcommittee, as listed on the handout distributed to the committee. The subcommittee loves to hear success stories and the appreciation from people with disabilities that have now been able to become independent through the help they received from services provided them. Utah has an abnormally high number of autistic children, and so, the subcommittee has put on their priority list, funds for a registry that will assist in finding out the reasons why it is so high in Utah. Last year there was a significant increase for dental, other and hospitals, this year they are requesting provider rate increases for physicians. The Governor did not request funding for children's vaccine, but they recommended funds because the supply has been short in the past.

Rep. Newbold explained that the one-time funds on the handout were self-explanatory. She did point out, however, that sponsors of some of the items on the lower end of the priority list in both on-going and one time, have indicated that they would be willing to accept lower amounts of money requested if they could be considered and receive some money.

Sen. Jones congratulated the committee on their hard work, and that so many of the programs are preventative.

Rep. Brad King questioned whether the Long Term Care Ombudsman which is on the one-time list, is actually one-time or on-going. The answer was that it is on-going, but they put it on the one time in hopes that it would be considered.

Transportation, Environmental Quality, and National Guard

Sen. Carlene Walker explained to the committee that their subcommittee funds the Department of Transportation, the Department of Environmental Quality, National Guard and Veteran Affairs. They made adjustments to dedicated credits, federal funds, transfers or non-lapsing balances based on their most recent estimates. The committee recommends on-going general fund building blocks listed in priority order on page 9-38 and one-time building blocks listed on page 9-39. The subcommittee also recommended non-general fund building blocks on page 40 and supported the intent language for some line items and approved fees as displayed on pages 9-8-29, 9-36, 9-37. Their subcommittee had unanimous votes. All of the projects that came before them were worthy projects, but they have to choose, and they chose accordingly.

Rep. Wayne Harper wanted to highlight a couple of important things on their priority lists. On the on-going list on page 9-38 the National Guard received on-going and one-time funding last year. The subcommittee believes that they need to be funded at \$1 million of on-going. They feel that has a huge return on investment in its recognition of what they do. PM 2.5 funding must be funded in order to maintain air conformity and to remove certain counties and sections of counties that are out of non-conformity. Choke Point/Congestion Relief is very important in improving the transportation around the state, it is essential to start putting on-going money into that. Page 9-39 lists the one-time priorities. The town of Alta has a big problem with antimony in the water, they need funding so that they don't lose their water supply. Rep. Harper would like to remind the committee that transportation is the best place to put one-time money of anything the committee wants to do.

Speaker Curtis questioned how the CHEF project fit in to the one-time totals on their priority list. Rep. Harper answered that the subcommittee is not touching the CHEF project because of its robust fiscal status right now. Speaker Curtis questioned if it is anticipated that there will be any funds that will spin off into the TIF this year or will it break even. Mark Bleazard answered that there will be some current on-going cash flow that will spin off into the TIF. Speaker Curtis mentioned that because it has been in litigation for several years the cost to build those will be more than what is probably set aside in the cash flow analysis. The response by Rep. Harper was that the cash flow is

part of the on-going budget to finish, but it is not part of the request this year. Speaker Curtis asked do we have projects in TIF and what happens with money that spins off into TIF. Mark Bleazard answered that TIF is prioritized by the Transportation Commission. Sen. Walker mentioned that Choke Points are smaller projects.

Co-Chair Hillyard reminded everyone that he would like to start our meetings on time.

MOTION: Co-Chair Bigelow moved to adjourn.

The meeting was adjourned at 5:15 p.m.

Minutes reported by Karen C. Allred, Committee Secretary.

Sen. Lyle W. Hillyard, Co-Chair

Rep. Ron Bigelow, Co-Chair